REMARKS

In the Office Action dated April 23, 2003, claims 1 through 47 were rejected. Claim 45 and 46 have been cancelled without prejudice. Claims 1,14, 29, 41, and 47 have been amended to clarify the invention. Claims 1-44 and 47 are now pending in the application. In view of the amendments and remarks, Applicants respectfully request reconsideration of the application.

The Examiner required correction to drawings with reply to this Office Action. Applicants submit corrected drawings herewith. No new matter was added.

Claims 1-22, 26-36, and 40-47 were rejected under U.S.C. § 102(b) as being anticipated by U.S. Patent No. 5,892,900 (hereinafter Ginter). In light of the amended claims 1,14, 29, 41, and 47, applicants respectfully disagree.

Ginter discloses a virtual distribution environment that provides comprehensive and configurable transaction management, metering, and monitoring technology. Further, the virtual distribution environment protects the rights of electronic community members by creating a distributed electronic rights protection environment. (col. 3, lines 30-65) The virtual distribution environment utilizes budgets to control access to content. The budgets provides limitation of use of the content based on the financial ability to pay for the content. For example, the budget may prevent use of more than the amount specified by a specific budget. (col. 59, lines 55-60)

In contrast, claim 1 recites, in part:

> wherein the embedded content is immediately available to the user and wherein the transaction device is configured to calculate a charge amount in

response to usage of the embedded content wherein the charge amount is locally logged within the transaction device

In contrast to Ginter, the invention as described in claim 1 allows the embedded content to be *immediately* accessible without requiring verification of the ability to pay for the embedded content. Further, claim 1 recites a charge amount which is locally logged within the transaction device.

Although Ginter teaches multiple payment methods, Ginter fails to teach a payment system that allows the transaction device to authorize use of the content prior to confirming an ability to pay for this content.

In contrast to Ginter, claim 14 recites, in part:

> locally storing an charge amount within the transaction device for usage of the embedded content;
>
> providing a local charge account within the transaction device for the charge amount;
>
> utilizing the embedded content in response to the local charge account; and
>
> verifying a validity of the local charge account with a remote device after utilizing the embedded content.

In contrast to Ginter, the invention as described in claim 14 allows the embedded content to be utilized through a charge account without requiring verification of the ability to pay for the embedded content. Further, claim 14

recites verifying the charge account with a remote device *after* utilizing the embedded content.

Although Ginter teaches multiple payment methods, Ginter fails to teach a payment system that allows the transaction device to authorize use of the content prior to confirming an ability to pay for this content. Ginter also fails to teach a charge account on a local transaction device.

In contrast to Ginter, claims 29 and 47 recite, in part:

> recording a charge amount within the transaction device in response to utilizing the embedded content;
>
> requesting a payment corresponding to the charge amount from a remote device subsequent to using the embedded content on the transaction device;

In contrast to Ginter, the invention as described in claims 29 and 47 allow the embedded content to be utilized through recording a charge amount on the local transaction device without requiring verification of the ability to pay for the embedded content. Further, claim 29 and 47 recite requesting the charge amount from a remote device *subsequent* to utilizing the embedded content.

Although Ginter teaches multiple payment methods, Ginter fails to teach a payment system that allows the transaction device to authorize use of the content prior to confirming an ability to pay for this content. Ginter also fails to teach a charge account on a local transaction device.

In contrast to Ginter, claim 41 recites, in part:

> storing a charge amount in the second transaction device in response to utilizing the embedded content on the second transaction device;

automatically requesting a payment of the charge amount from the second transaction device to a transaction clearing house subsequent to utilizing the embedded content within the second transaction device;

In contrast to Ginter, the invention as described in claim 41 allows the embedded content to be utilized through storing a charge amount on the local transaction device without requiring verification of the ability to pay for the embedded content. Further, claim 41 recites requesting payment of the charge amount from the second device *subsequent* to utilizing the embedded content.

Although Ginter teaches multiple payment methods, Ginter fails to teach a payment system that allows the transaction device to authorize use of the content prior to confirming an ability to pay for this content. Ginter also fails to teach a charge account on a local transaction device.

Ginter fails to teach elements within independent claims 1,14, 29, 41, and 47. Thus, independent claims 1,14, 29, 41, and 47 are now in condition for allowance.

In addition, claims 2-13 depend directly or indirectly on claim 1 and, therefore, are patentable for at least the same reasons discussed above. Claims 15-28 depend directly or indirectly on claim 14 and, therefore, are patentable for at least the same reasons discussed above. Claims 30-40 depend directly or indirectly on claim 29 and, therefore, are patentable for at least the same reasons discussed above. Claims 42-44 depend directly or indirectly on claim 41 and, therefore, are patentable for at least the same reasons discussed above.

Claims 23-25 and 37-39 were rejected under U.S.C. § 103(a) as being unpatentable over by U.S. Patent No 5,892,900 (hereinafter Ginter). Claims 23-25 depend directly or indirectly on claim 14 and, therefore, are patentable for at least the same reasons discussed above. Claims 37-39 depend directly or indirectly on

claim 29 and, therefore, are patentable for at least the same reasons discussed above.

In view of the foregoing amendments and remarks, Applicants respectfully submit that all pending claims are in condition for allowance. Such allowance is respectfully requested.

If the Examiner finds any remaining impediment to the prompt allowance of these claims that could be clarified with a telephone conference, the Examiner is respectfully requested to contact Richard H. Butler at (408) 223-9763.

Respectfully submitted,

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Marked-Up Version of the Claims

1. (Amended) A transaction system comprising:

a. a transaction device having a storage device wherein the transaction device is configured for interfacing with a user;

b. embedded content residing within the storage device of the transaction device,

wherein the embedded content is immediately available to the user and wherein the transaction device is configured to calculate a charge amount in response to usage of the embedded content wherein the charge amount is locally logged within the transaction device [in response to a verification within the transaction device].

14. (Amended) A method comprising:

a. receiving embedded content within a transaction device;

b. locally storing an charge amount within the transaction device for usage of the embedded content [verifying within the transaction device an authorization to use the embedded content]; [and]

c. providing a local charge account within the transaction device for the charge amount;

d. utilizing the embedded content in response to the local charge account; [authorization] and

e. verifying a validity of the local charge account with a remote device after utilizing the embedded content.

29. (Amended) A method comprising:

a. receiving embedded content within a transaction device;

b. utilizing the embedded content through the transaction device in response to receiving the embedded content [requesting a payment prior to using the embedded content on the transaction device];

c. recording a charge amount within the transaction device in response to utilizing the embedded content [providing the payment from the transaction device in response to requesting the payment]; [and]

d. requesting a payment corresponding to the charge amount from a remote device subsequent to using the embedded content on the transaction device; and [utilizing the embedded content through the transaction device in response to providing the payment]

e. discontinuing use of the embedded content in response to a denial of the payment.

41. (Amended) A method comprising:

a. transmitting embedded content from a first transaction device to a second transaction device; [and]

b. utilizing the embedded content on the second transaction device;

c. storing a charge amount in the second transaction device in response to utilizing the embedded content on the second transaction device;

d. automatically requesting a payment of the charge amount from the second transaction device to a transaction clearing house subsequent to utilizing the embedded content within the second transaction device [of the embedded data in response to the embedded data].

47. (Amended) A computer-readable medium having computer executable instructions for performing a method comprising:

a. receiving embedded content within a transaction device;

b. utilizing the embedded content through the transaction device in response to receiving the embedded content;

c. recording a charge amount within the transaction device in response to utilizing the embedded content;

d. requesting a payment corresponding to the charge amount from a remote device subsequent to using the embedded content on the transaction device; and

e. discontinuing use of the embedded content in response to a denial of the payment.

[a. receiving embedded content within a transaction device;

b. locally verifying within the transaction device an authorization to use the embedded content; and

c. utilizing the embedded content in response to the authorization.]